

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4972-01
Bill No.: HB 2218
Subject: Construction and Building Codes; Political Subdivisions; Contracts and Contractors
Type: Original
Date: March 29, 2010

Bill Summary: Creates the "Political Subdivision Construction Bidding Standards Act."

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Local Government	(Unknown over \$100,000)	(Unknown over \$100,000)	(Unknown over \$100,000)

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Office of Administration, Cass County, Metropolitan Community College, St. Louis County, Lincoln University, Linn State Technical College, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, St. Louis Community College, University of Central Missouri, Missouri Department of Transportation, Missouri Department of Conservation** and the **Missouri State University** assume that there is no fiscal impact from this proposal.

Oversight assumes no cost to the State or Universities as a result of this proposal.

Officials at the **City of Kansas City** assume this legislation may have a negative fiscal impact on the City in an indeterminate amount because this legislation would result in higher administrative costs and unknown financial consequences of delaying the opening of bids and subsequent commencement of a project.

Officials at the **Francis Howell School District** assume the proposed legislation imposes no dollar limit on projects that require competitive bidding. For Francis Howell, the estimate that the proposed legislation would add (conservatively) \$15,000 in costs for advertising in the newspaper, since many of our projects fall under the current \$15,000 requirement for public notice in a newspaper and competitive bids. Further, there is a cost associated with the additional time spent in public bid openings for the numerous small projects we do throughout the year. The School estimates that (conservatively) the district would expend \$25,000 in staff time (secretarial, accounting, management) based on the additional work imposed by the proposed legislation.

Officials at the **City of Centralia** assume the way this is worded, would seem to require advertising 5 times each. Assuming we have the time (ours is a weekly paper and advertising in the Columbia paper would be much more expensive), this would cost about \$975 per contract = 5 ads @ \$195 ea. Would apply to about 7 projects per year which are not otherwise bid (for instance, piggybacked on other entities' contracts) or only advertised one time. This adds up to an estimated \$6,045 per year of added expense. Assumes no extra contract savings from extra bidding and does not attempt to estimate extra time spent preparing bid specs for two or three such contracts each year.

ASSUMPTION (continued)

No other City, County or School responded to **Oversight's** request for fiscal impact. **Oversight** assumes that due to the number of local political subdivisions affected by this proposal that the impact to the locals would be Unknown but over \$100,000 per year.

<u>FISCAL IMPACT - State Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
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LOCAL SUBDIVISION FUNDS

<u>Cost</u> - Local for bid procedures	<u>(Unknown over \$100,000)</u>	<u>(Unknown over \$100,000)</u>	<u>(Unknown over \$100,000)</u>
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ESTIMATED NET EFFECT ON LOCAL SUBDIVISION FUNDS	<u>(Unknown over \$100,000)</u>	<u>(Unknown over \$100,000)</u>	<u>(Unknown over \$100,000)</u>
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FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This bill establishes the Political Subdivision Construction Bidding Standards Act which creates standards for advertising, soliciting, accepting, and rejecting competitive bids and awarding construction contracts of \$10,000 or more for political subdivisions that are not covered by a specific federal, state, or local law that is equivalent or stricter in its requirements.

Regardless of any state or local law or state or federal funding requirement to the contrary, no contract for construction will be awarded in violation of the following requirements:

- (1) No bid can be opened before the advertised deadline;

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FISCAL DESCRIPTION (continued)

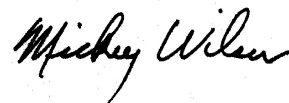
- (2) No bid can be accepted unless it is sealed and in writing;
- (3) No bid can be accepted after the advertised deadline; or
- (4) All bids must be held securely and confidentially until the bids are opened in a public meeting on the date and at the time and place advertised.

A political subdivision will not be prohibited from awarding a contract without competitive bidding when deemed necessary to remove an immediate danger to public health or safety, to prevent the loss of property, or to prevent an interruption of or to restore an essential public service.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

City of Kansas City
Cass County
Metropolitan Community College
Francis Howell School District
City of Centralia
St. Louis County
Office of Administration
Lincoln University
Linn State Technical College
Missouri Western State University
Northwest Missouri State University
St. Louis Community College
Missouri Southern State University
University of Central Missouri
Missouri Department of Transportation
Missouri Department of Conservation
Missouri State University



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